

(C) Compensation may be granted for moving and storage expenses not to exceed \$5,000 unless authorized by FmHA or its successor agency under Public Law 103–354 and not to exceed the actual cost of moving the claimant household with personal belongings a distance of not more than 50 miles from the original residence. Compensation for storage expenses may not exceed that amount paid to store household furnishings for 45 days.

(D) A strict accounting of the use of such funds must be maintained by the borrower and will be verified by FmHA or its successor agency under Public Law 103–354.

(5) Compensate the claimant for reasonable interest paid on loans obtained for the sole purpose of correcting structural defects or other approved purposes under this section.

(b) *Ineligible purposes.* Compensation will not be granted for:

(1) Completion of a dwelling or unit or installation of materials/items required under the construction contract and/or specifications.

(2) Defective items which were not completed under the contract method or under the conditional commitment and supported by a builder’s warranty. Work performed under the borrower method or self-help program without a warranty by a responsible party is not eligible for compensation.

(3) Damage caused by defective design, workmanship, or material in making enhancements to or remodeling the dwelling or unit or related facilities which were not financed or approved by FmHA or its successor agency under Public Law 103–354.

(4) The loss of past, present or future wages or salary directly or indirectly resulting from the defect.

(5) Treatment for physical or psychological damages including medical and dental claims.

(6) Death benefits or funeral expenses.

(7) Damages encountered as a result of war, civil disorder, flood, tornado, lightning, earthquake or acts of nature which the structure was not designed to withstand.

(8) Damages resulting from the homeowner’s negligence or failure to properly maintain the property.

(9) Damage to personal property.

[56 FR 40241, Aug. 14, 1991, as amended at 67 FR 78327, Dec. 24, 2002]

**§§ 1924.267–1924.270 [Reserved]**

**§ 1924.271 Processing applications.**

An application for compensation for construction defects shall be submitted by the claimant to FmHA or its successor agency under Public Law 103–354 on the designated form (available in any FmHA or its successor agency under Public Law 103–354 office). The application shall be completed in its entirety. All structural defects and claims for which compensation is sought will be listed. Borrowers will be told not to incur any expenses for repairs or temporary living expenses, except for emergency situations, until funds have been allocated and the request has been approved under § 1924.273 of this subpart.

**§ 1924.272 [Reserved]**

**§ 1924.273 Approval or disapproval.**

(a) Claimants will be notified in writing of the decision on the claim within 60 days of the date the designated form (available in any FmHA or its successor agency under Public Law 103–354 office) is signed by the borrower. If the claim or any part of the claim is denied at any level, the claimant will be informed in writing of the reason(s) for the denial and advised of appeal rights in accordance with 7 CFR part 11.

(b) [Reserved]

[56 FR 40241, Aug. 14, 1991, as amended at 67 FR 78327, Dec. 24, 2002]

**§ 1924.274 Final inspection.**

Except for emergency repairs, all repair work must be performed in accordance with subpart A of this part. In all cases, FmHA or its successor agency under Public Law 103–354 will make a final inspection of the repair work performed before final payment is made for the work.

**§ 1924.275 [Reserved]**

**§ 1924.276 Action against contractor.**

If FmHA or its successor agency under Public Law 103–354 pays for correction of construction defects which

are the responsibility of the contractor, debarment proceedings will be initiated against the contractor in accordance with subpart M of part 1940 of this chapter (available in any FmHA or its successor agency under Public Law 103-354 office), even if the contractor has gone out of business, declared bankruptcy, cannot be located, etc. The debarment will be pursued in both the contractor's company name and the principal parties as individuals, and any successor entities, if known. If the manufacturer of the defective product is determined to be solely responsible, no action will be taken against the contractor. In such a case, debarment will be initiated against the manufacturer. An assignment of the borrower's claim against the contractor or other party will be obtained if it appears to the approval officials, with any necessary advice from the Office of the General Counsel, that recovery is reasonably possible.

**§§ 1924.277-1924.299 [Reserved]**

**§ 1924.300 OMB control number.**

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) and have been assigned OMB control number 0575-0082. Public reporting burden for this collection of information is estimated to vary from 15 minutes to 2 hours per response, with an average of .28 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #575-0082), Washington, DC 20503.

**PART 1925—TAXES**

**Subpart A—Real Estate Tax Servicing**

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1925.5-1925.50 [Reserved]

AUTHORITY: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

SOURCE: 57 FR 36590, Aug. 14, 1992, unless otherwise noted.

**Subpart A—Real Estate Tax Servicing**

**§ 1925.1 General.**

This Instruction applies to borrowers with a Farm Ownership (FO), Operating Loan (OL), Soil and Water (SW), Recreation Loan (RL), Emergency (EM), Economic Opportunity (EO), Rural Rental Housing (RRH), Rural Cooperative Housing (RCH), Labor Housing (LH), Softwood Timber (ST), and Non-Program (NP) loans secured by real estate. It also applies to section 502 and section 504 Rural Housing borrowers (Single Family Housing (SFH)) who also have a Farmer Program loan. It does not apply to borrowers who have a SFH loan only; those will be serviced under 7 CFR part 3550. Borrowers are responsible for paying taxes on the real estate security to the proper taxing authorities before taxes become delinquent. This obligation is set forth in the security instrument securing the loan.

[57 FR 36590, Aug. 14, 1992, as amended at 67 FR 78327, Dec. 24, 2002]

**§ 1925.2 Definition of tax.**

For the purpose of this instruction, the word "tax" means all taxes, assessments, levies, irrigation and water charges or other similar obligations which are or will, on nonpayment, become a lien upon the real estate prior to the mortgage securing the Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 loan.

**§ 1925.3 Servicing taxes.**

(a) The County Supervisor will be responsible for ascertaining that all mortgaged real estate is listed properly for tax purposes.

(b) The County Supervisor will be responsible for taking all actions in connection with taxes as may be necessary